United Nations A/54/501

General Assembly

Distr.: General
26 October 1999

Original: English

Fifty-fourth session
Agenda item 119
Programme budget for the biennium 1998-1999

Implementation by the United Nations Conference on Trade and Development of the activities financed from the unspent balance from the regular budget for the biennium 1996-1997 and how the accomplishments have contributed to strengthening the capacity of the Conference, in particular, in priority areas
and
Analysis of savings resulting from the improved overall cost-effectiveness achieved pursuant to the ninth session of the Conference, including the restructuring of the intergovernmental machinery and the reform of the secretariat, as requested by the General Assembly in its resolutions 51/167 of 16 December 1996, 52/220 of 22 December 1997 and 53/3 of 12 October 1998

Report of the Secretary-General

Summary

The present report is submitted pursuant to the request of the General Assembly in its resolution 53/3 of 12 October 1998. The report provides the status of implementation by the United Nations Conference on Trade and Development (UNCTAD) of the activities financed from the unspent balance ($5,526,600) from the regular budget for the biennium 1996-1997 and of the extent to which those activities and the related resources have contributed to strengthening UNCTAD in a number of priority areas.

The report also provides an analysis of the savings achieved during the biennium 1996-1997 as a result of the restructuring of the programme of work and of the intergovernmental machinery of UNCTAD pursuant to the ninth session of the Conference.

99-31768 (E) 161199

I. Introduction

1. The General Assembly, by its decision 52/462 of 31 March 1998, decided to retain an amount of $5,526,600 from the unspent balance from the regular budget for the biennium 1996-1997 with a view to financing the activities of the United Nations Conference on Trade and Development (UNCTAD), as requested by the Assembly in its resolution 52/220 of 22 December 1997, taking into account the recommendations of the Secretary-General in that regard, as contained in his report of 13 May 1998 (A/52/898 and Corr.1).

2. On 12 October 1998, the General Assembly, in its resolution 53/3, endorsed the proposals contained in the Secretary-General's report and requested him to submit to the Assembly at its fifty-fourth session: (a) a report on the implementation by UNCTAD of the activities financed from the unspent balance of $5,526,600 and on how the accomplishments had contributed to strengthening the capacity of the Conference, and (b) comprehensive information on the savings resulting from the improved overall cost-effectiveness achieved pursuant to the ninth session of UNCTAD, including the restructuring of the intergovernmental machinery and the reform of the secretariat, as initially requested by the Assembly in its resolutions 51/167 of 16 December 1996 and 52/220 of 22 December 1997.

3. The present report is presented in two parts. The first deals with the implementation of activities and the impact thereof. The second contains an analysis of the savings achieved in UNCTAD in the biennium 1996-1997.

II. Implementation by UNCTAD of the activities financed from the unspent balance from the regular budget for the biennium 1996-1997

4. The activities undertaken utilizing the unspent balance have enlarged the scope and extent of UNCTAD programmes in priority areas of immediate relevance to the trade and development of developing countries. The impact of such activities has been significant. For example:

- The quality and usefulness of the UNCTAD expert meetings held during 1999 benefited from the increased presence of experts from developing countries, who provided an excellent basis for the exchange of national experiences, as mandated by UNCTAD IX;
- The preparatory process for UNCTAD X has been enhanced through seminars and meetings;
- Independent evaluations have been conducted on UNCTAD activities, the results of which are being fed back into the design and implementation of programmes;
- UNCTAD was able to make a major contribution to the preparatory process for the high-level intergovernmental consideration of financing for development;
- Developing countries and countries with economies in transition have enhanced their preparedness for the Third World Trade Organization (WTO) Ministerial Conference in November 1999 and the follow-up thereto;
- National investment policy reviews have been conducted in selected countries;
- Preparations have been initiated for the Third United Nations Conference on Least Developed Countries, which include an inter-agency consultation mechanism and conference arrangements;
- UNCTAD now has an increased capacity for advice and assistance on debt management, for customs automation and for trade-related training programmes.

5. Expenditures of $3,988,800, out of the total authorized allocation of $5,526,600, were incurred as of 30 September 1999 and are summarized below:

	Allocation	*Expenditures*	*Balance* [a]
Allocation of resources under all programmes of UNCTAD	4 356 600	2 952 000	1 404 600
Allocation of resources under regular programme of technical cooperation	1 170 000	1 036 800	133 200
Total	**5 526 600**	**3 988 800**	**1 537 800**

[a] As at 30 September 1999

6. It is anticipated that by the end of December 1999, about 95 per cent of the resources in respect of the regular programme of technical cooperation and about 83 per cent of the resources under the work programme of UNCTAD will have been committed.

7. Part of the projected unexpended balance, amounting to $577,000 (or over 10 per cent of the total overall allocation) relates to the travel of participants to UNCTAD expert meetings. As explained below, delays in the allocation of the unspent balance meant that the financing of experts from developing countries could be used only for 7 meetings rather than the 16 meetings originally foreseen.

8. It has not proved possible to complete all the preparations for the 2001 Third United Nations Conference for the Least Developed Countries and related activities, since much of the preparatory work in individual least developed countries will be undertaken only in 2000. As a result, it is estimated that, as of 31 December 1999, there will be an unexpended balance of about $293,000 for activities related to least developed countries. In another instance, implementation of the activity planned on the trade points programme was put on hold, pending a review by UNCTAD's intergovernmental bodies of the results of an evaluation of the programme, resulting in a projected unexpended balance of some $100,000.

9. Some activities undertaken as a result of the allocation by the General Assembly of the unspent balance from the biennium 1996-1997, for example, the development of training packages for international commercial diplomacy or the lessons learned through evaluation exercises, have strengthened the capacity of UNCTAD on a permanent basis. Other activities have been linked to specific intergovernmental processes. This is the case, for example, for the funds provided to facilitate the participation of experts from developing countries in UNCTAD expert meetings, or for the advice offered during the preparatory process for the high-level intergovernmental consideration of financing for development, or, yet again, for the assistance provided in the preparations for the Third WTO Ministerial Conference. Other activities are also financed from the unspent balance, such as the conduct of investment policies review that promote synergies between the secretariat's analytical work and policy advice.

10. Activities set out in document A/52/898 and Corr. 1 were expected to be implemented over the period from July 1998 to December 1999. However, since the General Assembly approved the allocation of the resources only in October 1998, there was a delay of several months in the start-up of the operations.

11. A detailed description of expenditures and accomplishments achieved is set out in the annex to the present report.

III. Analysis of the savings achieved pursuant to the ninth session of the Conference, including reductions in conference-servicing requirements attributable to the restructuring of the intergovernmental machinery

12. Detailed information on the resource situation of UNCTAD during the biennium 1996-1997, including on the savings achieved as a result of the reform and restructuring measures concerning the UNCTAD programme of work and secretariat carried out pursuant to the ninth session of the Conference, was included in the report of the Secretary-General dated 13 May 1998 (A/52/898 and Corr.1). The information contained in that report remains valid. The determination of whether the reduced resource requirements are attributable to either the decisions taken at UNCTAD IX which called for a reformulated work programme and adjustments and streamlining in the secretariat, or to the implementation of reductions pursuant to General Assembly resolution 50/214 of 23 December 1995 in conjunction with the vacancy adjustment approved by the Assembly, as shown in the report of the Secretary-General dated 28 August 1996 (A/C.5/50/57/Add.1), remains a judgement which the Secretariat is not in a position to take.

13. The additional information referred to in paragraphs 6 and 7 of General Assembly resolution 53/3 regarding the notional reduction of $2 million in conference-servicing requirements attributable to the restructuring of the intergovernmental machinery is provided below.

14. It was decided at Midrand that the formal intergovernmental process of UNCTAD would be tightly structured so as to reduce the number of meetings and encompass all important areas of the work programme (A/51/305, annex, para. 105). The restructuring resulted in an intergovernmental machinery with no more than 500 meeting units per year at its disposal. In order to measure the impact of this on conference support resources, a comparison may be made between the conference-servicing requirements of the intergovernmental machinery in the biennium 1994-1995, when the machinery was functioning in full in accordance with the Cartagena Commitment, and the calendar of conferences for the 1998-1999 biennium, when the new intergovernmental machinery was expected to be fully operational.

15. A total of 1,026 meeting units were utilized in the 1994-1995 biennium, as compared to 391 in 1996-1997 and an anticipated 500 in the current biennium. Thus, the

changes introduced by the ninth session of the Conference have resulted in a reduction of 526 meeting units in 1998-1999 as compared to the number of meeting units required in the 1994-1995 biennium. It is felt that the 1996-1997 biennium is not representative of a normal biennium in terms of the number of meeting units used. Assuming an average cost of approximately $3,900.00 per meeting unit, the reduction in the conference-servicing requirements of UNCTAD would amount to $2 million for the biennium 1998-1999 as compared to the 1994-1995 biennium.

16. This reduction in the conference-servicing requirements of UNCTAD is directly traceable to the reform undertaken at Midrand. These services were to have been provided from the overall resources of conference services at the United Nations Office at Geneva. Such "savings" were either absorbed in servicing other offices or were surrendered at the close of the biennium.

IV. Conclusion

17. **The General Assembly may wish to take note of the information provided in the present report.**

Annex

Accomplishments and expenditure report for activities of UNCTAD financed from the unspent balance from the regular budget for the biennium 1996-1997

A. Policy-making organs: $1,169,000

(a) Expert meetings of the Commissions
Allocation: $1,088,000[a]
Expenditure as of 30 September 1999: $511,300

1. In partial implementation of paragraph 114 of "A Partnership for Growth and Development" (see A/51/308, annex), an amount of $1,088,000 was allocated to enhance the expertise of the deliberations of the expert meetings of UNCTAD's Commissions. To that end, Governments of developing countries were invited to nominate experts to participate in those meetings in their personal capacity. Guidelines and modalities for the utilization of the funds were established and approved by the Trade and Development Board on 23 October 1998 (decision 456 (XLV)).

2. The nomination procedure was as follows: (a) UNCTAD included in each notification to member States for forthcoming expert meetings a specific request for nominees to benefit from the financing; (b) at least four weeks before each meeting, member States were invited to name one expert per each expert meeting to benefit from the financing, attaching a curriculum vitae.

3. The Secretary-General of UNCTAD based his decisions regarding the enhancement of the participation of developing country experts on the principle of equitable geographical representation, beneficiary needs and the expertise of the experts concerned. Internal organizational arrangements were set up to ensure full implementation of the guidelines. In order to stretch available resources to cover as many experts as possible, travel was authorized on the basis of least costly fares.

4. The above provisions were applied to the seven expert group meetings held in 1999. Travel and subsistence costs for a total of 146 experts with proven relevant experience were financed through these arrangements. In order to ensure equitable geographical representation, UNCTAD adopted as guidelines the practice established for geographical representation among developing countries according to Economic and Social Council decision 1992/222 of 29 May 1992. It was understood that geographical balance would be met on an overall basis and would not necessarily be strictly applied to each expert meeting since it was considered that the interest in subject matters taken up at the meetings would vary in accordance with the development interests and needs of each region or member State.

5. On that basis, the actual percentage distribution of experts, by region, compared to the target, was the following:

Region	*Target*	*Actual*
	Percentage	
Africa	40	41.1
Asia and the Pacific	30	27.4
Latin America/Caribbean	30	31.5

6. Although there are some variances among the targets and actual representation of experts from the various regions, the distribution seems close enough to the target to have ensured equitable distribution.

7. Some member States responded more frequently than others to the requests to nominate experts to participate in the expert meetings. An analysis of the number of countries covered in each geographical region indicates that 60 experts from Africa came from 30 different countries; 40 experts from Asia from 16 countries; and 46 experts from Latin America, from 21 countries.

8. There were in total 45 experts (or 31 per cent of the total number of experts) from 21 least developed countries. Of these, 37 experts came from 18 least developed countries in Africa (or 82 per cent of all experts from least developed countries) and 8 experts from 3 least developed countries in Asia and the Pacific.

9. Finally, with regard to the gender dimension, 18.5 per cent of the experts financed from the allocation were women. The highest proportion of women was for the Expert Meeting on Capacity-Building in the area of Electronic Commerce, where they represented 35 per cent of the total of 26 experts financed.

10. All regions nominated women experts. Latin America/Caribbean nominated 12 women experts out of 46

(26 per cent), with almost half of those countries from the region that participated in the meetings nominating at least one woman. Africa nominated 9 women experts out of 60 (15 per cent), the same ratio as for Asia/Pacific (6 experts out of 40 nominations). Twenty-five per cent of the countries from the two latter regions nominated women experts.

Impact on expert meeting deliberations

11. In accordance with standard practice, the secretariat conducted its internal assessment of the outcome of each of the seven expert meetings. In addition to reviewing the substantive outcome, the assessments considered the impact of greater expert participation from developing countries obtained through the financing arrangements.

12. There is a unanimous view in the secretariat that the contributions of the experts from developing countries were of a very high order. The experts brought to the meetings direct and relevant experiences of national development in the areas under consideration.

13. The discussions at the meetings, and the outcomes thereof, were regarded as relevant, practical and action-oriented. The outcomes of the meetings resulted in high-quality and pragmatic "agreed conclusions and/or recommendations" addressed to individual Governments, the international community and the UNCTAD secretariat. In particular, the meetings resulted in:

- Deeper exchanges of national experiences and views from different stakeholders touching on the subject matters being discussed, of great value to advancing the understanding of issues at the technical level;
- Identification of substantive topics for further work;
- Consensus-building as regards treatment of international measures to further support development.

14. Participation by developing countries in the expert meetings was very high, both for experts financed by their own Governments and for those financed by UNCTAD. In fact, out of a total of 479 experts from capitals who attended the 1999 expert meetings, 351 were from developing countries (73 per cent). Of those, 146 were financed by UNCTAD (42 per cent). Seventy-six experts came from least developed countries (22 per cent), of which 45 were financed by UNCTAD. If the number of experts from capitals registered to attend the expert meetings in 1999 is compared with 1998, it is all the more evident that there has been an important increase in participation of developing country experts from capitals. In 1998, a total of 308 experts from capitals attended the eight expert meetings (as opposed to 479 experts in 1999, attending seven meetings), of whom 201, or 65 per cent, were from developing countries (vs. 351, or 73 per cent, in 1999), and 41, or 20 per cent, from least developed countries (vs. 76, or 22 per cent, in 1999).

15. In general, requests for financing of experts exceeded the number and geographical balance that could be accommodated for each meeting. Some permanent missions expressed concern that their proposals had not been retained. For example, in the case of the Expert Meeting on Services for Small and Medium-size Enterprises (SME) Development, 12 experts could not be included in the final list. However, a great effort has been made to ensure as broad a geographical representation as possible for each expert meeting.

Financial impact

16. Total expenditures as of 30 September 1999 on the financing of experts amounted to $511,300, as against the original allocation of $1,088,000.

17. The original allocation was based on an assumption (in May 1998) that there would be 16 expert meetings of three days each over the 18-month period ending December 1999, and that 16 experts would be financed per meeting. It was also assumed that the average cost of travel/DSA would amount to $4,250 per expert.

18. The delay in the start-up of operations, mentioned above, prevented the application of the financing arrangements for the expert meetings to be convened in the latter part of 1998. Thus, instead of the 16 meetings originally planned, the financial arrangements could be applied only for 7 meetings, albeit with an increase in the average number of experts per meeting. Further, as a result of more advantageous arrangements for air travel, the average cost of travel/DSA was reduced to $3,502 per expert.

19. It is recalled that the Trade and Development Board at its forty-third session in October 1996, had requested the UNCTAD Secretary-General to establish a trust fund to enhance the participation of developing country experts in UNCTAD expert meetings. To date, one contribution of $3,000 has been received.

(b) Preparations for the tenth session of UNCTAD
Allocation: $81,000
Expenditure as of 30 September 1999: $75,400

20. These resources have allowed UNCTAD to organize three events: (a) Seminar on Globalization, held on 24 February 1999; (b) Pre-UNCTAD X Meeting on the Role of Competition Policy in Globalizing Markets, held at Geneva

on 14 and 15 June 1999; and (c) the UNCTAD X High-Level Round Table inception meeting on new policy ideas for development strategies and international arrangements in the first years of the twenty-first century, held at London on 12 and 13 October 1999. The outcome of the latter meeting will be presented as a report to UNCTAD X and some of the eminent economists involved would be acting as panellists at the High-Level Round Table to be organized as the opening event of UNCTAD X, the results of which will be fed into the preparatory process of the Millennium Assembly.

B. Executive direction and management
Allocation: $200,000
Expenditure as of 30 September 1999: $110,500

21. The development of effective management instruments is one of the priority objectives of UNCTAD's management. Among these instruments, evaluation, one of the major components of the integrated management cycle, has recently been receiving special attention by both member States and management as an effective mechanism for improving programmes through the assessment of their impact, drawing lessons for the future and providing elements for strategic planning. In this context, the evaluation of technical cooperation activities was strengthened at the joint request of both donor and beneficiary countries. The Working Party on the Medium-term Plan and the Programme Budget of UNCTAD, a subsidiary body of the Trade and Development Board overseeing programme delivery, decided to allocate greater resources to the evaluation of technical cooperation programmes. The Working Party requested further that annual reports be submitted by the secretariat on follow-up actions to the evaluation reports and requested that particular attention be paid to impact evaluation.

22. The allocated resources were used for the preparation of:

- The mandated in-depth evaluation report on the technical cooperation programme on competition law and policy, with special attention to the impact of the programme on end users. The report was presented at the Working Party on the Medium-term Plan and the Programme Budget during its September 1999 session;
- The Trade Point Programme Strategy, which is the follow-up to the in-depth evaluation of the programme and has incorporated extensive contributions from the direct end users of the programme, as requested by member States at the Working Party;
- A readership survey covering selected publications produced under various technical cooperation activities to gauge usefulness and impact, with a view to improving the quality of assistance provided to developing countries. This activity is still ongoing. The output will be used in management decisions and incorporated in reports to relevant intergovernmental bodies and in the programme performance report.

23. An amount of $110,500 has been spent to date for the above-mentioned activities. The balance is being used to finance the in-depth evaluation of the technical project for promoting entrepreneurship (EMPRETEC) programme.

24. States members of UNCTAD attach great importance to the conduct of independent evaluations of UNCTAD activities in order to assess the impact of programmes and to ensure adequate feedback in the design and implementation of related activities. The above-mentioned evaluation activities produced valuable findings that will enhance the effectiveness and relevance of the UNCTAD programmes on competition policy and trade points.

C. Programme of work: $2,987,600

Subprogramme 1. Globalization and development: $630,000

(a) Enhancing support for development financing
Allocation: $300,000
Expenditure as of 30 September 1999: $303,400

25. The allocation was used for the recruitment of two senior financial economists, one of whom has been mainly based in New York and has provided important inputs to the preparatory process of the General Assembly in its consideration of financing for development in connection with the implementation of General Assembly resolution 52/179 of 18 December 1997. The other economist has considerably strengthened UNCTAD's work on international financial issues, including the analyses of the costs and benefits associated with various types of financial flows, in particular with respect to their macroeconomic dimension, and in suggesting policy measures for using such funds. The value added from these resources in terms of lifting and strengthening the skill profile of the Division considerably enhanced the work being undertaken, particularly with respect to lessons to be learned from the recent East Asian crisis for other continents and countries, particularly weaker economies, and its consequences for the reform of the

international financial architecture with a view to strengthening its development dimension.

(b) Debt management
Allocation: $120,000
Expenditure as of 30 September 1999: $120,000

26. The resources provided for the Debt Management and Financial Analysis System (DMFAS) have been used for the further development and maintenance of DMFAS Version 5, thereby enhancing the functionality of the software. In addition, the provision of the 12-work months of general temporary assistance was indispensable to the work programme as it helped to upgrade current users and freed other resources to respond to increasing requirements for assistance by debtor countries in implementing the debt management system in their countries.

27. The total allocation of $120,000 has been spent.

(c) Improving connectivity within UNCTAD and with Governments and relevant non-governmental actors
Allocation: $150,000
Expenditure as of 30 September 1999: $150,000

28. Some of the resources have been used to obtain technical advice, through a consultant, on software and hardware requirements for enhancing UNCTAD-wide connectivity by starting the installation of Lotus Notes in the secretariat. One of the outcomes of the study carried out by the consultant was that over 200 PCs were still non-Y2K-compliant and hence not compatible with any project aiming at enhancing transparency based on current electronic technology. It was then decided that the remaining part of the funds should be used to upgrade equipment in UNCTAD as a basic requirement for the implementation of the Lotus Notes project. The full implementation of the Lotus Notes project within UNCTAD will continue to be carried out in the context of the 2000-2001 and 2002-2003 biennial programme budgets.

29. The total allocation of $150,000 has been spent.

(d) South-South Conference on Trade, Investments and Finance
Allocation: $60,000
Expenditure as of 30 September 1999: $10,000

30. Support is being provided to the preparatory process for the South Summit, including a study on the potential for increasing South-South trade, investment and economic cooperation including interregional cooperation and a study on globalization and liberalization and their ramifications for economic cooperation and integration among developing countries. These studies are to be completed by February 2000 in time for consideration at the South Summit in April 2000.

31. Within the framework of the above-mentioned studies, the expenditures relate to a study being undertaken of regional and subregional economic cooperation in the context of promoting cooperation between the Palestinian economy and Egypt and Jordan, the objective of which is to improve subregional trade-related services and the development of guidelines and principles for sustainable economic development of the West Bank and Gaza Strip. This is particularly important in the context of the resumption of multilateral and bilateral negotiations which are expected to generate new requests for advisory services on trade and related policy services as well as finance and investment.

Subprogramme 2. Investment, enterprise development and technology: $470,000

(a) Investment issues
Allocation: $120,000
Expenditure as of 30 September 1999: $106,900

32. The funds allocated were used for consultancy and general temporary assistance expenditures with regard to the preparation of the forthcoming *World Investment Report 1999*. In addition to its usual focus on international production and foreign direct investment (FDI), the 1999 report reviews the issue of FDI and development and takes stock of the contributions of transnational corporations to development through capital formation, transfer of technology, export generation, creation of employment, skills transfer and environmental management. It also highlights the potential problem areas in the relationship between transnational corporations and host country economies. The report is being issued at a crucial time, when States Members of the United Nations are about to embark upon discussions and negotiations on the issue of financing for development and international investment rule-making through, among others, the WTO Ministerial meeting in Seattle, UNCTAD X in Bangkok and the Millennium General Assembly.

33. The allocated resources were used to: (a) enhance the analysis in the report through field research (country case studies in China and the five most crisis-affected Asian countries: Indonesia, Republic of Korea, Malaysia, Philippines and Thailand; and a survey of African investment promotion agencies); and (b) develop two

specific proposals in the report on support to small and medium-size enterprises in developing countries for investing in other developing countries and on legal/negotiating support to least developed countries in dealings with transnational corporations.

(b) Investment policy reviews
Allocation: $280,000
Expenditure as of 30 September 1999: $227,100

34. UNCTAD had extrabudgetary funds to partly cover investment policy reviews in four countries. The allocation approved by the General Assembly complemented those funds and hence allowed UNCTAD to fully finance the reviews for the four countries. The funds were also used to partly finance reviews in additional countries, for which further extrabudgetary resources were raised on a cost-sharing basis. Investment policy reviews were completed or are well under way for Ecuador, Egypt, Mauritius, Uganda, Peru, the United Republic of Tanzania, Uzbekistan and Zimbabwe. It proved possible to include a larger number of countries by leveraging the resources with counterpart funding available within the participating countries. The United Nations Development Programme (UNDP) provided partial financing on a cost-sharing basis for Ecuador, Egypt, Mauritius, Uganda, Peru, Uzbekistan and Zimbabwe. This cost-sharing arrangement would not have been possible without the availability of the additional resources.

35. The country-focused work has enriched the discussion of UNCTAD's intergovernmental bodies by allowing the exchange of experiences of countries at different levels of development. It has also enabled member countries to gain a better understanding of the impact of foreign investment upon their economies and, more generally, the policy framework for attracting more foreign investment.

(c) Development of an accounting module on medium-size enterprises
Allocation: $20,000
Expenditure as of 30 September 1999: $7,000

36. Resources are used for consultancies in the following two areas: development of an accounting and reporting framework based on the specific needs of SMEs; and development of an accounting software package, based on the above framework, which allows SME entrepreneurs to record their transactions and generate financial and operational reports for internal as well as external use. These should improve internal financial management of SMEs in developing countries and enhance their access to credit. The development of the framework and the software is expected to be completed by the end of 1999.

37. To date, only an initial study has been undertaken to develop a conceptual framework and formats for accounting for SMEs which are differentiated by size.

(d) Development of an agribusiness component
Allocation: $50,000
Expenditure as of 30 September 1999: N/A

38. Training modules will be developed by the end of 1999 for entrepreneurs in the food processing industry to raise their awareness and enhance their capacity to meet the international standards for quality and health; this should have an impact on development by improving their market access. If export-oriented SMEs are to compete in global markets, they must meet international standards in health, phytosanitary, safety and environmental matters. A number of developing countries have already experienced losses in developed-country markets for not meeting such standards. The training modules will raise the awareness of entrepreneurs of these requirements and provide information on how to comply with them. The areas to be covered by the modules include: selection of raw materials, choice of technology, manufacturing processes, product quality issues, packaging and labelling, storage, transport, shipment, and supplier and client arrangements.

39. Although no expenditures have yet been incurred under this heading to date, it is expected that the full amount will be committed by the end of the year.

Subprogramme 3. International trade in goods and services, and commodities: $677,600

(a) Development of a positive agenda for future trade negotiations
Allocation: $587,600
Expenditure as of 30 September 1999: $594,000

40. Within the framework of the programme approved by the General Assembly to support developing countries in drawing up a positive agenda for future trade negotiations, (A/52/898, paras. 23 (a) and 24 (a)), three UNCTAD Interregional Workshops on Positive Agenda were organized: at Seoul from 8 to 10 June 1999; at Pretoria from 29 June to 2 July 1999; and at Boca Chica, Dominican Republic from 2 to 4 August 1999. The workshops were attended by 78 participants, 6 of whom were women, including senior government officials and trade negotiators (in their personal capacity), academics, trade consultants and practitioners from developed and developing countries and representatives of other international, regional and

subregional organizations, including the World Trade Organization (WTO). To enrich the discussions at the workshops, a number of analytical papers were prepared on issues of particular concern to developing countries.

41. Participants carried out a general assessment of the proposals that had been submitted in the preparatory process to the Third WTO Ministerial Conference with a view to identifying possible strategies for developing countries in the final stage leading up to the Conference. In conducting the assessment, they identified priority objectives for developing countries. The main results of the workshops were:

(a) A notable improvement in the degree of mutual understanding of the proposals and objectives of developing countries with respect to future multilateral trade negotiations;

(b) A clearer understanding of the relationship between the regional and subregional integration process and the WTO negotiations;

(c) Some common views as to the approach to be taken in the last phase of preparation for the Third WTO Ministerial Conference and the key elements that needed to be reflected in the Ministerial Declaration;

(d) A clear idea of future tasks to be carried out by UNCTAD in support of the developing countries in the Positive Agenda programme to ensure their proactive participation in future trade negotiations.

42. Given the special difficulties faced by African countries in their effective participation in the multilateral trading system, the workshop held at Pretoria also addressed their specific concerns, taking into account the outcome of the Coordinating Workshop for Senior Advisers to Ministers of Trade of least developed countries in preparation for the WTO Ministerial Conference, held at Sun City, South Africa (21-25 June 1999). It was stressed that the forthcoming set of multilateral trade negotiations would provide an opportunity for African countries to attempt to reverse the continuing decline of Africa's share in world trade. This could be achieved if the international community would: recognize the special situation and needs of African countries, particularly supply constraints; apply differential treatment in favour of developing countries, including small and vulnerable economies, in a concrete and comprehensive fashion; and remove all barriers facing the trade of African countries, in particular of the least developed countries.

43. Other key points raised during the workshops related to: (a) implementation issues and identified imbalances in several WTO Agreements from a development perspective; (b) initiation of the Built-in Agenda, as a matter of priority, including mandated reviews; and (c) inclusion of strengthened and modernized provisions on special and differential treatment in favour of developing countries which reflect the realities of their situation in the multilateral trade agreements; in this context it was stressed that the particularly difficult situation faced by the least developed countries should be treated adequately, dealing not only with market access issues but also with allowing them to foster the supply capabilities required to take advantage of existing and new market access opportunities; (d) a clear statement of the difficulties faced by developing countries in deriving benefits from the multilateral trading system, which future negotiations would have to address, as well as recognition of the policy space required by developing countries in strengthening their competitive supply capacities; and (e) recognition of the need for improved facilities for the transfer of technology to developing countries as an objective of future negotiations.

44. Participants in the workshops recognized that the diagnosis of the problems facing developing countries in world trade currently being conducted at the regional and interregional meetings leading up to UNCTAD X would be directly relevant to the preparatory process for the Seattle Conference. The participants stressed that UNCTAD should continue to give priority attention to the positive agenda work.

45. Most of the studies provided by the Secretariat as background papers to the workshops were produced by consultants. The studies covered such areas as the update of the Trade Policy Simulation econometric model, assistance in positive agenda formulation for developing countries, assessment of the quantitative impact of multilateral trade negotiations on developing countries, implementation of the Anti-Dumping Agreement and the required improvements thereto.

(b) Dispute settlement
Allocation: $30,000
Expenditure as of 30 September 1999: $5,000

46. A course is being organized on the settlement of disputes in the fields of international trade, investment and intellectual property. Two main activities have been planned:

- A meeting of a group of about 15 experts that met under the auspices of the United Nations Institute for Training and Research (UNITAR) at the Geneva Executive Centre, on 17 September;
- A course for about 35 legal advisers from developing countries, 10 of which will be funded by the

allocation, scheduled to be held on 21 and 22 January 2000 in cooperation with UNITAR.

47. UNITAR has agreed to provide conference facilities at no cost and will also assist in the compilation of course material. A proposed syllabus was presented as a background document at the 17 September meeting.

(c) Small island developing States members of WTO
Allocation: $60,000
Expenditure as of 30 September 1999: $16,300

48. The resources allowed UNCTAD to respond to a request from the Alliance of Small Island States (AOSIS) for a position paper on specific issues in anticipation of future multilateral trade negotiations on issues of direct concern to small island States. The paper was also drawn upon as part of the preparation for the recent special session of the General Assembly on the implementation of the Barbados Plan of Action.

49. The resources utilized have been committed to undertake a first study on vulnerability profiles and the relevant commitments made under the WTO General Agreement on Trade in Services.

Subprogramme 4. Services infrastructure for development and trade efficiency: $510,000

(a) Customs automation
Allocation: $180,000
Expenditure as of 30 September 1999: $180,000

50. Resources allocated to this area have been used to finance highly specialized technical expertise in the area of information technology. The work of the experts has resulted in the development of a transit transport monitoring module for the Automated System of Customs Data Entry, Control and Management (ASYCUDA), UNCTAD's customs reform and automation programme. The development phase of the transit module has now been completed and its implementation phase is scheduled to start before the end of the year.

51. The development of an ASYCUDA transit module was recommended by the UNCTAD intergovernmental expert meeting on the use of information technologies to make transit arrangements more effective (Geneva, 5-7 May 1997). The module constitutes an important enhancement of ASYCUDA's capabilities. When implemented, it should result in a significant reduction in the time and cost of transit-related customs procedures in landlocked and transit developing countries and in an improvement in the efficiency of customs controls and cargo tracking.

(b) Trade Points
Allocation: $120,000
Expenditure as of 30 September 1999: $10,800

52. The use of the funds allocated under this heading has been delayed pending the endorsement by member States of the Trade Point programme strategy. At the thirty-fourth session of the Working Party on the Medium-term Plan and the Programme Budget on 1 October 1999, member States welcomed the Trade Point programme strategy and requested that it be implemented. Consequently the secretariat will now start to use the funds allocated for the renovation of the global trade point network (GTPNet). Highly qualified technicians are being hired to support the move of Trade Points from a pre-transactional to an electronic trade transaction phase.

(c) TRAINFORTRADE
Allocation: $150,000
Expenditure as of 30 September 1999: $129,900

53. In accordance with its mission, the training and human resources development in the field of foreign trade (TRAINFORTRADE) programme aims at strengthening training capacities in the field of international trade and trade-related services, thus contributing to the reinforcement of trade structures, the increase in volume and the improvement of necessary skills in this field. The programme's aim being to increase the efficiency of the private sector, the immediate beneficiaries are the consumers and the private sector, as well as decision makers, and government policy makers of the countries concerned. The economic upsurge and increased enterprise competitiveness will create employment opportunities and generate revenues for the entire sector.

54. The funds were mainly used for further development and strengthening of the programme as well as for the creation of a new image for the TRAINFORTRADE programme (with a new presentation folder). For this purpose new course materials were developed (on the analysis of the effects of international trade policies, using a global model), existing material was adapted to distance learning techniques and a new project intended for Portuguese-speaking countries is currently being developed in Brazil and Cape Verde and will be extended to other lusophone countries, with the expertise of consultants specialized in human resources development in those countries.

55. The resources allocated for the above activities strengthened the capacities of the programme and in

particular enabled its enlargement to lusophone countries and the creation of the new image of the programme.

(d) Landlocked and transit developing countries
Allocation: $60,000
Expenditure as of 30 September 1999: $46,700

56. Freight cost as a percentage of cost, insurance and freight (c.i.f.) import values are 5 percentage points higher in sub-Saharan Africa (excluding South Africa) than the average for all developing countries. This fact underpinned the consultants' reports and highlighted region-specific issues as well as common problems that led to the preparation of an issues paper (TD/B/LDC/AC.1/13) submitted to the Meeting of Governmental Experts from Landlocked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions held in New York from 24 to 26 August 1999. The reports covered West and Central Africa and Eastern Africa. The conclusions and recommendations of the meeting stressed three fundamental points: (a) the smooth, rapid and efficient movement of goods between countries requires an appropriate legal framework which may be based on bilateral, regional or international agreements; (b) there is an urgent need for increased public investment in physical infrastructure, and in this regard the meeting urged increased support from the international community; the most significant results in terms of increases in efficiency and lowered real cost of transport are likely to be yielded from further simplification, harmonization and standardization of transit procedures and documentation, including the improvement of customs transit; efficient operation of border posts, including establishment of joint-inspection "one stop" border posts, and consolidation and extension of customs and transport information systems. These areas of cooperation form part of the programmes of transit facilitation adopted by all the regional organizations (e.g., Southern African Development Community (SADC), Common Market for Eastern and Southern Africa (COMESA) and Economic Community of West African States (ECOWAS)).

Subprogramme 5. Least developed, land-locked and island developing countries: $700,000

(a) Follow-up to the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development
Allocation: $340,000
Expenditure as of 30 September 1999: $165,000

57. Trade and Development Board decision 445 (EX-16) on the implementation by UNCTAD of the outcome of the UNCTAD/WTO High-level Meeting (27-28 October 1997) required that UNCTAD provides support and assistance to least developed countries, upon their request, in assessment of their trade-related technical assistance needs; preparation of multi-year technical assistance programmes; and organization of trade-related round tables. UNCTAD is also required to support least developed countries in these above exercises through inter-agency coordination and a working group composed of representatives of the core participating agencies in the Integrated Framework for Trade-related Technical Assistance for Least Developed Countries (UNCTAD, UNDP, International Trade Centre (ITC), WTO, World Bank and IMF).

58. The resources allocated were used to enhance such assistance to least developed countries by the staff of the subprogramme, as well as by international and national consultants. Field visits were undertaken to the Gambia, Haiti, the Sudan, Uganda and the United Republic of Tanzania in connection with preparation of round tables. UNCTAD assigned, from March to June 1999, a senior staff member to the Administrative Unit established to support the implementation of the Integrated Framework for the preparation of a draft guideline on document presentation to round tables and an indicative calendar setting out recommended steps in the preparation of round tables. The funds were also used for recruitment of an expert to provide support to the UNCTAD follow-up of the High-level Meeting, including preparation of the UNCTAD segment of multi-year technical assistance programmes.

59. The funds also enabled the Office of the Special Coordinator to initiate production of a consolidated database of activities undertaken in favour of least developed countries by UNCTAD. The database would serve as a basis for formulating an integrated action plan for least developed countries and that would make it possible to effectively follow up the activities in the context of the Integrated Framework. To that end, a full-fledged census is currently being conducted on activities in favour of least developed countries which were undertaken during the 1998-1999 biennium and those which are programmed for the 2000-2001 biennium.

60. The funds were further used to supplement other resources made available to organize the Coordinating Workshop for Senior Advisers to Ministers of Trade in the Least Developed Countries, convened in June 1999, to prepare least developed countries for the Third WTO Ministerial Meeting. The Workshop assisted least developed countries in ensuring that their interests are properly recognized in the emerging consensus on issues falling within the parameters of the trade-development nexus.

61. The members of WTO have initiated a review of the implementation of the Integrated Framework. The review, which is supported by the five agencies concerned, is designed to accelerate the process of implementation and make it more effective. For UNCTAD, the resources for the follow-up to the Integrated Framework provided under the regular programme of technical cooperation (see para. 74 below) have been fully utilized for the purposes of assisting individual least developed countries in participating in the Integrated Framework exercise. Resources for follow-up were also available under the UNDP/UNCTAD global project on globalization, liberalization and sustainable human development. In addition, UNCTAD during the course of the coming months will ensure a close relationship between the preparation of trade-related programmes of technical cooperation and the in-country preparations for the Third United Nations Conference on the Least Developed Countries.

(b) Preparation for the Third United Nations Conference on the Least Developed Countries
Allocation: $360,000
Expenditures as of 30 September 1999: $176,500

62. In its resolution 53/182 of 13 December 1998, the General Assembly decided to convene the Third United Nations Conference on the Least Developed Countries in 2001 and welcomed and accepted the offer of the European Union to host the Conference. It designated the Secretary-General of UNCTAD as the Secretary-General of the Conference and requested him to make all necessary preparations for the Conference. The process of preparation of the Conference has already been initiated. Staff have been engaged to strengthen the Office of the Special Coordinator and have travelled to the European Union headquarters for further discussions on Conference arrangements as well as to the field.

63. An inter-agency consultation mechanism was established to ensure the full mobilization and coordination of all relevant organizations and bodies of the United Nations in the preparation of and follow-up to the Conference. The first inter-agency consultation on the preparatory process for the Conference was convened in July 1999. Apart from inter-agency consultations, an important feature of the Conference preparatory process is the establishment of a Consultative Forum to ensure an effective, transparent and efficient preparation process for the Conference. The Consultative Forum comprises the Conference secretariat, the European Union Presidency, the European Commission, representatives of UNDP, the Committee on Development Policy, the Development Assistance Committee of the Organisation for Economic Cooperation and Development (DAC/OECD), the World Bank, IMF, WTO, ITC, the Food and Agriculture Organization of the United Nations (FAO), civil society and the International Chamber of Commerce. The main functions of the Forum are to provide an opportunity for least developed countries, their development partners, United Nations agencies, civil society and the business community to exchange views on the conceptual framework of the Conference, its objectives and organizational aspects as well as on the intergovernmental preparatory process. The first meeting of the Consultative Forum was held in July 1999. Funding for the participation of a panellist in the Forum was provided from the resources allocated to this subprogramme.

64. The inter-agency consultations and the discussions at the Consultative Forum demonstrated the extreme importance of close and continuous preparations by individual least developed countries for the Conference. During 1999, preliminary work was undertaken by inviting least developed countries to establish appropriate mechanisms for that purpose. This will be pursued with vigour in 2000, drawing in particular on the provisions of paragraph 7 of resolution 53/182, in which the General Assembly requested the Administrator of UNDP, in his capacity as Convenor of the United Nations Development Group, to ensure the full involvement in the preparations for the Conference of the United Nations resident coordinators and country teams in the least developed countries. Arrangements are thus in place to undertake the in-country preparatory work in the coming months.

65. As of end September 1999, commitments amounted to $176,500, out of an allocation of $360,000. A large share of the allocation was to be devoted to supporting the country-level preparations for the Conference. The level of commitments against the allocation reflects the fact that the process of country-level preparations only got under way in earnest in the latter part of 1999.

66. The total allocation and expenditure of resources under all programmes of UNCTAD is summarized as follows:

Object	*Allocation*	*Expenditure*	*Balance* [a]
General temporary assistance	1 150 000	977 500	172 500
Consultants	1 380 000	775 400	604 600
Ad hoc expert groups	411 000	355 300	55 700
Workshops/Seminars	100 000	20 000	80 000
Travel of participants to official meetings	1 088 000	511 300	576 700
Official travel of staff	87 600	161 600	(74 000)
Data-processing equipment	140 000	150 900	(10 900)
Total	**4 356 600**	**2 952 000**	**1 404 600**

[a] As at 30 September 1999.

Regular programme of technical cooperation: $1,170,000

(a) Commercial diplomacy programme

67. The resources allocated under this heading enabled the increase and acceleration of activities in this priority area. In June 1999, a Coordinator of the Commercial Diplomacy Programme was appointed in the Division on International Trade in Goods and Services, and Commodities. Two additional (temporary) collaborators are also about to be nominated. Temporary staff were recruited to adapt modules prepared by regular staff members for the specific needs of negotiators, legislators and trainers. Some of these modules have been completed and are already in use, while others were expected to be finalized in September/October 1999 in English, Spanish and Russian. A French version is also to be prepared. The funds also allowed UNCTAD staff to participate in several regional meetings of developing countries at which they could present the Programme, or elements of it.

68. Other activities financed with the funds allocated for the Commercial Diplomacy Programme, include: a training workshop for Andean trade negotiators (Lima, 6-8 September 1999); a joint regional meeting with the Economic Commission for Latin America and the Caribbean (ECLAC) on research and training needs (Santiago, 4 and 5 November 1999); a training workshop in Egypt for a group of North African countries; a regional meeting on research and training needs for the countries of Asia (New Delhi, Institute of Foreign Trade, date to be determined before December 1999); participation and financial support in training activities for countries with economies in transition (Republic of Moldova, November 1999); participation in training activities on commercial diplomacy in Nepal (under consideration); participation in a training event on the new WTO round of negotiations in agriculture, organized by FAO for countries with economies in transition (tentatively December 1999); and preparation of a Web site for the Commercial Diplomacy Programme.

69. Since these training activities are designed for trade negotiators, focusing on the current WTO negotiating agenda to prepare for the Third WTO Ministerial Conference, their preparation is closely connected with the activities relating to the "positive agenda" outlined in paragraphs 40 to 46 above. Hence, they will enhance the research and analysis on the international trade issues related to the formulation and dissemination of a positive agenda and support UNCTAD's capacity to reflect the needs of developing countries and countries with economies in transition in this negotiating process with concrete, target-oriented initiatives. In this regard, the programme is working with related country-specific activities of the UNDP/UNCTAD global project on globalization, liberalization and sustainable human development.

70. The funds allocated also allowed the programme to include more regional and subregional training and research activities related to its scope. It will therefore support the contacts between UNCTAD and regional or subregional secretariats as well as local public and private institutions dealing with the regional approaches to multilateral trade issues. Thus, with these activities, the programme will be able to incorporate dimensions of regional diversity and specificity, in addition to the support given at the national level. The programme will also facilitate and stimulate interregional exchanges through a network of academic institutions devoted to training and research on trade issues. In this context, UNCTAD will play the role of a focal point of the network, fostering cooperation and coordination.

(b) Advice to developing countries on services infrastructure

71. One interregional adviser has been recruited as of August and until 31 December 1999. The Adviser will support and advise Governments on the establishment of an interregional network of research and training institutions contributing to UNCTAD's technical cooperation programme. Advice will also be provided to Governments of beneficiary countries, as well as regional and subregional organizations of technical cooperation programmes, with particular emphasis in the areas of trade facilitation, trade and transport efficiency and business facilitation.

(c) Advice to least developed countries on implementation of the Integrated Framework for Technical Assistance

72. An interregional adviser was recruited in May and one Professional and one General Service staff are to be recruited on a short-term basis until the end of the year to strengthen the work of the Special Coordinator in this area.

(d) Group training in implementation of the results of UNCTAD's expert meetings

73. Two regional seminars on risk management (Brazil, India) and a seminar on women entrepreneurs (Burkina Faso) have been organized. A seminar on risk management held in Africa was financed out of the regular section of Technical cooperation. In addition, a group training course in Investment Agreements was being organized and was scheduled to be held in Asia in early October.

74. The total allocation and expenditure of resources under the regular programme of technical cooperation is summarized as follows:

Object	*Allocation*	*Expenditure*	*Balance*
General temporary assistance	830 000	833 500	(3 500)
Travel of staff	200 000	54 300	145 700
Training/workshops	140 000	149 000	(9 000)
Total	**1 170 000**	**1 036 800**	**133 200**

Notes

[a] For more detailed information see the report of the Secretary-General of UNCTAD on financing and on the participation of experts in UNCTAD expert meetings in achieving the objectives of the financing: enhancing the participation of developing country experts in UNCTAD meetings (TD/B/EX(22)/2) presented to the 22nd Executive Session of the Trade and Development Board on 15 October 1999.